

February 15, 2006

The Honorable Jim Nussle
Chairman
Committee on the Budget
309 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

As required by Section 301(d) of the Congressional Budget Act of 1974 (P.L. 93-344), and in response to your letter dated January 20, 2006, this letter transmits the Views and Estimates of the Committee on Ways and Means on those aspects of the Federal budget for the fiscal year 2007 that fall within the Committee's jurisdiction.

The U.S. economy performed well in 2005 and the outlook remains strong. Real growth averaged 3.1 percent, more than 2.0 million jobs were created and the unemployment rate continued its decline to 4.7 percent in January 2006. Federal tax receipts increased 14.5 percent, the largest increase in 24 years, and the Congressional Budget Office (CBO) projects that under current law receipts will increase an additional 7.3 percent this year. Since enactment of lower tax rates in 2003, 4.7 million jobs have been created. For fiscal year 2007, the CBO estimates a unified budget deficit of \$270 billion, or 2.0 percent of Gross Domestic Product.

The Committee will continue to promote economic growth-enhancing policies through the consideration and adoption of appropriate tax, health, human resources and trade legislation.

The Committee's priorities include exploring tax reform ideas, expanding trade, reauthorizing the Promoting Safe and Stable Families program, working to implement the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173), and eliminating waste, fraud, and abuse in benefits programs.

I. Legislative Issues with Budgetary Impact

- A. Human Resources – The Committee will work to reauthorize the Promoting Safe and Stable Families program, which supports services to families and children involved in the child protection system and is currently authorized through September 30, 2006. Oversight by the Committee of the nation's cash welfare, child welfare, child support, adoption and foster care, Supplemental Security Income, and unemployment compensation programs will continue; the Committee will monitor the implementation of provisions in the recently-enacted Deficit Reduction Act of 2005 (P.L. 109-171), including those designed to encourage and support more work among welfare recipients and strengthen families and healthy

marriages. The Committee will review and, as appropriate, act on proposals in the President's Fiscal Year 2007 Budget related to child protection, child support enforcement, unemployment compensation, Supplemental Security Income, and other programs.

- B. Medicare and Other Health Issues – The Committee will continue its efforts to oversee the implementation of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 consistent with Congressional intent. The prescription drug benefit should be implemented with little disruption to Medicare beneficiaries or the states. In addition, the Committee will continue to oversee the payment and policy changes enacted as part of the Deficit Reduction Act of 2005. The Committee is also examining all of Medicare's payment systems to ensure that reimbursement to providers is accurate and appropriate and that quality is rewarded. Finally, the Committee plans to examine strategies to reduce the number of uninsured Americans and make quality health care more affordable. The Committee is assessing ways to achieve this through initiatives to make health care costs, prices, and the quality of provider services more transparent.
- C. Social Security – The Committee will continue to address the financial challenges facing Social Security, as well as the program's role in providing economic security for our nation's retirees, individuals with disabilities, and their families. Examining ways to reduce risks associated with Social Security numbers will continue to be a focus of the Committee, along with reviewing the Social Security Administration's efforts to serve those with disabilities. The Committee will also review the agency's efforts to meet the service needs of aging baby boomers, while providing effective stewardship of Social Security programs.
- D. Tax – As part of its agenda, the Committee will examine the President's Budget for Fiscal Year 2007 including provisions for permanent tax relief. In addition, the Committee will continue to review issues and options related to tax reform and simplification, with the ultimate goal of a less burdensome tax system that supports economic growth. The Committee will continue to develop options for expanding access to health insurance coverage and continue to examine growing concerns caused by the individual and corporate alternative minimum taxes.
- E. Trade – The Committee supports the expansion of trade opportunities, adherence to trade agreements and rules by our trading partners, and the elimination of foreign trade barriers to our goods and services. The Committee expects to continue its oversight responsibilities with respect to the World Trade Organization negotiations and accessions as well as new bilateral free trade agreements (FTAs). At the appropriate time, the Committee expects to consider legislation, under Trade Promotion Authority procedures, to implement FTAs that have been signed by the President and submitted to Congress. The Committee will continue to be active in overseeing the budgets and activities of agencies within its jurisdiction as well as the operation of trade preference programs. Finally, the Committee intends to consider legislation suspending duties temporarily to make U.S. companies more competitive.

II. The Fiscal Year 2007 Budget

The Committee is reviewing the President's Fiscal Year 2007 Budget. The President's proposed budget envisions continued economic growth in 2006 and 2007, restrained Federal spending, and tax legislation to encourage sustained growth through tax cut permanency and a lower tax burden on personal savings.

III. Public Debt Limit

The current statutory public debt limit is \$8.184 trillion. Assuming current law, CBO forecasts that the limit will be reached soon and U.S. Department of the Treasury Secretary John Snow has requested that Congress raise the statutory debt limit. The Committee will continue to monitor the level of outstanding debt, and will take any necessary action to ensure the consistent financing of government operations.

The Committee on Ways and Means looks forward to working with the Committee on the Budget as we promote prosperity, opportunity, and security while maintaining fiscal prudence.

Best regards,

Bill Thomas
Chairman